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Ninth session
Vienna, 26-30 April 1993
Item 3 of the provisional agenda

PROVISIONAL AGENDA

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Programme and Budget Committee

Ninth session
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ANNOTATED PROVISIONAL AGENDA

Item 1. Opening of the ninth session

The ninth session of the Programme and Budget Committee will be opened by Mr. S.A. Adekanye (Nigeria) in his capacity as Acting Chairman of the eighth session.

Item 2. Election of officers

In accordance with rule 17.1 of the rules of procedure (UNIDO/4), the Committee shall elect from among the representatives of its members a Chairman and three Vice-Chairmen and from among the delegations of its members a Rapporteur. Rule 17.3 also stipulates that the offices of the Chairman, the three Vice-Chairmen and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle in accordance with appendix A to the rules of procedure. According to that appendix, the Chairman of the ninth session should be elected from members of the Committee among the Asian States plus Yugoslavia included in list A of annex I to the Constitution and the three Vice-Chairmen from members in lists D, C, and B respectively. The Rapporteur should be elected from members of the Committee among the African States included in list A.

Item 3. Adoption of the agenda

A provisional agenda for the ninth session of the Committee, prepared by the Director-General in consultation with the Acting Chairman of the eighth session in accordance with rules 8 and 9 of the rules of procedure, is submitted to the Committee for adoption in document PBC.9/1.

Item 4. Financial situation of UNIDO

The financial situation of UNIDO was considered by the Committee at its eighth session. On that occasion, the Committee adopted conclusion 92/5 in which it requested the Director-General to take necessary measures to balance the operational budget as soon as possible but at the latest by the end of 1993 through inter alia: (a) economies and greater efficiency; (b) reduction of staff through normal attrition, in compliance with staff regulation 10.2, or separation, or other appropriate measures; (c) appropriate utilization of the accumulated uncommitted reserve under the operational budget; (d) the establishment of a system of regular monitoring in line with financial regulation 4.1 (c), as endorsed in General Conference resolution GC.4/Res.23, and the issuance of authorized allotments only if there is a reasonable assurance of resources available to support it. The Committee also requested the Director-General, when taking measures to balance the operational budget, to preserve the capacity of the Organization for technical cooperation delivery and to take due account of the need for equitable geographical distribution of the staffing of the Secretariat.

Subsequently, the Board at its tenth session (decision IDB.10/Dec.6) endorsed PBC conclusion 92/5 and requested the Director-General, in complying with the above requests, to give particular attention to the substantive areas of the Organization and exert his utmost to minimize the administrative and support expenses. The Board further requested the Director-General, in view of the severe financial situation of the Organization and

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with reference to resolution GC.4/Res.27, paragraph 4, to present to the Committee at its ninth session a plan of action with options for balancing the 1992-1993 regular budget disbursements with cash income and operational budget expenditure with expected income. It also authorized the Committee, according to Article 10.4 (a) of the Constitution, to adopt at its ninth session a conclusion in that respect.

The Director-General was requested to report on progress achieved in the implementation of those measures to the Board at its eleventh session, through the Committee at its ninth session.

The Committee will have before it:

- The financial situation of UNIDO. Report by the Director-General (PBC.9/8-IDB.11/6)

Item 5. Interim financial performance report and programme performance report for the biennium 1992-1993

Financial regulation 10.6 stipulates that, at the beginning of the second calendar year of each fiscal period, the Director-General shall submit to the Programme and Budget Committee an interim financial report on significant financial developments that have affected the Organization during the first calendar year of the fiscal period concerned. In accordance with regulation 11.10, the report on the interim accounts shall be completed not later than by 1 June following the calendar year to which it relates.

Furthermore, the Committee at its resumed third session of 29 June 1987 (conclusion 1987/19) requested the Director-General to submit each year to the Board through the Committee a clear and detailed financial performance report itemizing the utilization of financial resources, as well as a programme performance report describing the level of programme implementation. Subsequently, the Board at its seventh session (decision IDB.7/Dec.11), upon recommendation of the Committee, approved the incorporation of the programme performance report in the annual report, as proposed by the Director-General in document IDB.7/3/Add.1. Likewise, the General Conference in its resolution GC.4/Res.2 requested the Director-General to incorporate fully in future annual reports the programme performance report according to Board decision IDB.7/Dec.11, and to continue including therein the tabular presentation of significant performance indicators and the comparison of outputs implemented against outputs planned for the period covered by the annual report, as shown in document GC.4/35. Thus, the Annual Report of UNIDO, 1992, provides, parallel to the description of the activities carried out in 1992, the significant performance indicators and the comparison of outputs implemented against outputs planned for the biennium 1992-1993. In that respect, cross-references are made to the programmes and subprogrammes described in the programme and budgets, 1992-1993 (GC.4/42), as adopted by the General Conference at its fourth session. This information is supplemented by the financial statements, which continue to be issued as a separate document.

The Committee will have before it:

- Interim financial performance report for the biennium 1992-1993. Submitted by the Director-General (PBC.9/7)

- Annual Report of UNIDO, 1992 (PBC.9/10-IDB.11/10)*

Item 6. Programme and budgets, 1994-1995

In accordance with Article 14.1 and 14.2 of the Constitution, the Director-General shall prepare and submit to the Board through the Committee a draft programme of work for the following fiscal period, together with the corresponding estimates for those activities to be financed from the regular budget. The Director-General shall, at the same time, submit proposals and financial estimates for those activities to be financed from voluntary contributions to the Organization. The Committee shall consider the proposals of the Director-General and submit to the Board its recommendations on the proposed programme of work and corresponding estimates for the regular budget and the operational budget. Such recommendations of the Committee shall require a two-thirds majority of the members present and voting.

At its tenth session, the Board in its decision IDB.10/Dec.7 approved a ceiling for the regular budget for the biennium 1994-1995 representing zero real growth as compared with the biennium 1992-1993.

In compliance with PBC conclusion 1991/6, paragraph (i), a first advance draft of the proposals for the programme and budgets, 1994-1995, was circulated to the Permanent Missions to UNIDO in December 1992. At informal consultations with Member States held in January and February 1993, it was agreed that the Secretariat would present to the Committee at its ninth session a document on the implications of the withdrawal of Canada with options and proposals on that issue.

The Committee will have before it:

- Programme and budgets, 1994-1995. Proposals of the Director-General (PBC.9/2-IDB.11/2)

- Implications of the withdrawal of Canada. Note by the Director-General (PBC.9/11)

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* The annual report used to be a Board document. With the incorporation of the performance report, the annual report as of the current year should be submitted to the Board through the Programme and Budget Committee. Experience has shown that, for technical reasons, the document cannot be distributed in all official languages before mid-April. It will therefore be difficult to meet the six-week distribution deadline for those sessions of the Committee which are held early in the year.

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Item 7. Scale of assessments for apportionment of the regular budget expenses

The General Conference at its fifth session will have to establish a scale of assessments for the years 1994 and 1995. In accordance with Article 10.4 (b) of the Constitution, the Committee shall prepare the draft scale of assessments for regular budget expenditures, for submission to the Board. Article 15.2 of the Constitution stipulates that the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations and that no Member shall be assessed more than 25 per cent of the regular budget of the Organization.

The Committee will be provided with the latest information concerning the United Nations scale of assessments for the years 1994 and 1995 and any adjustments that might be required for UNIDO.

The Committee will have before it:

- Scale of assessments for the fiscal period 1994-1995. Note by the Secretariat (PBC.9/5-IDB.11/5)

Item 8. Working Capital Fund for the biennium 1994-1995

In accordance with financial regulation 5.4(a), the Committee should recommend to the Board the amount and purposes of the Working Capital Fund for the 1994-1995 biennium.

At its fourth session, the General Conference decided (decision GC.4/Dec.16) that the level of the Working Capital Fund should be $9 million and that the authorized purposes of the Fund for the 1992-1993 biennium should remain the same as for previous bienniums (see decision GC.2/Dec.27).

The Committee will have before it:

- Status of advances to the Working Capital Fund as of 28 February 1993 (PBC.9/8-IDB.11/6, annex II)

- Working Capital Fund for the biennium 1994-1995. Proposals by the Director-General (PBC.9/3-IDB.11/3)

Item 9. Industrial Development Fund and other voluntary contributions

In accordance with Article 17 of the Constitution, in order to increase the resources of the Organization and to enhance its ability to meet promptly and flexibly the needs of the developing countries, the Organization shall have an Industrial Development Fund (IDF) which will be financed through the voluntary contributions to the Organization provided for in Article 16, and other income as may be provided for in the financial regulations of the Organization. The Director-General shall administer IDF in accordance with the general policy guidelines governing the operations of the Fund that are established by the Conference, or by the Board acting on behalf of the Conference, and in accordance with the financial regulations of the Organization. Rules governing the financial management of IDF were prepared by the Director-General in accordance with the financial regulations established by the Conference in its decision GC.2/Dec.25. These rules are contained in the Financial Rules of UNIDO (UNIDO/DG/B.74/Rev.1).

In its decision GC.4/Dec.21, paragraph (e), the General Conference encouraged the Director-General to pursue the development of the programme approach described in document GC.4/28 in order to enhance the impact of UNIDO assistance and requested the Secretariat to promote selected programmes following the medium-term plan priority areas, while urging Member States to provide adequate financial resources for the development and implementation of such programmes. In that same decision (para. (f)), the Conference encouraged the Director-General to continue utilizing IDF resources as a means for the mobilization of larger financial flows, both for technical cooperation and investment, and recommended the improvement of investment-related activities.

At the recommendation of the Committee, the Board at its tenth session adopted decision IDB.10/Dec.9 in which it delegated authority to the Director-General to approve projects for financing under IDF in the 1993-1994 biennium in accordance with the priority areas of the medium-term plan. It also underlined the need to take certain considerations into account on the efforts to improve the quality of IDF-financed projects.

In accordance with Board decision IDB.4/Dec.30, the Director-General is to provide information as to the nature of projects financed from the Fund, indicating therein the projects financed from its general-purpose segment as well as information as to the projects financed from its special-purpose segment. Furthermore, in accordance with General Conference decision GC.3/Dec.25, the Director-General is to submit periodically a detailed report on the matter to the Board in the annual report.

The Committee will have before it:

- Industrial Development Fund - Estimated resource level and programming for 1994 and 1995. Report by the Director-General (PBC.9/4-IDB.11/4)

- Information on the nature of projects financed from the Industrial Development Fund, contained in the Annual Report of UNIDO, 1992 (PBC.9/10-IDB.11/10, chap. III, paras. 129-139, and appendix G)

- Lists of projects approved under the Industrial Development Fund (IDF) (PBC.9/CRP.1)

Item 10. Recommendations for appointment of an External Auditor

In accordance with financial regulation 11.1, an External Auditor, who shall be Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed in the manner and for the period decided by the Conference.

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On the basis of recommendations by the Committee and the Board, the General Conference by decision GC.1/Dec.34 appointed the Senior President of the Audit Office of Belgium as the External Auditor for UNIDO for a period of two years beginning on 1 July 1986 and subsequently (GC.2/Dec.28, GC.3/Dec.22 and GC.4/Dec.17) extended that appointment until 30 June 1994. The Committee may wish to make recommendations, through the Board, to the Conference on the question of appointment of an External Auditor for the period 1 July 1994 to 30 June 1996.

Item 11. UNIDO Country Director programme

The Governing Council of the United Nations Development Programme (UNDP) in its decision 91/34 on sectoral support invited the Industrial Development Board to address the question of the financing of the UNIDO Country Director (UCD) programme in the light of the successor arrangements to support costs.

At its eighth session, in its decision IDB.8/Dec.14, the Board, having considered that the successor arrangements for sectoral support might affect the financing of UCDs from the UNIDO operational budget, requested the Director-General to pursue his consultations with the Administrator of UNDP on the system of sharing financing of the UCD programme, so that the target of 50 posts could be reached in the near future, and to keep Member States informed of the progress of the implementation of the programme.

Subsequently, at its fourth session, the General Conference in resolution GC.4/Res.4 requested the Director-General: (a) to prepare a study on the modalities of setting up a close working relationship among the UCDs of the same subregion in order to strengthen the role of the UCDs; (b) to increase the number of UCDs in order to reach the target set in Board decision IDB.8/Dec.14; and (c) to report on the possibilities of strengthening the country focus, while strengthening the advisory role of UCDs in project planning, development and evaluation. The Board at its tenth session (decision IDB.10/Dec.11), having taken note with deep concern of the information on the financial situation of the UCD programme, requested the Director-General to continue negotiations with UNDP on the most appropriate financing arrangements, and invited the Governing Council of UNDP at its February 1993 session if possible, to consider the need for and possibility of increasing the annual allocation as of 1993 for the UCD programme to permit at least the maintenance of the present number of UCD posts, and preferably to increase the number of UCD posts to reach the target established.

The Director-General was requested to report, through the Committee, to the Board at its eleventh session on the financing of UCD posts and the follow-up to the decision IDB.10/Dec.11.

The Committee will have before it:

- Financial situation of the UNIDO Country Director programme. Report by the Director-General (PBC.9/9-IDB.11/7)

Item 12. Computerization programme of UNIDO

In its decision GC.4/Dec.18, paragraph (h), the General Conference at its fourth session requested the Director-General, with a view to ensuring the transparency of all operations concerning the electronic data-processing (EDP) programme and avoiding a repetition of past difficulties, to report to the subsequent sessions of the policy-making organs on the programme and cost of implementing the consultants' recommendations and the recommendations of the External Auditor, as contained in documents GC.4/50 and GC.4/CRP.1, especially those concerning the disaster recovery plan, the organizational and functional changes and the internal control and evaluation of automation projects. It also requested the Director-General to keep Member States fully apprised of the EDP programme by quarterly briefings and informal notes (GC.4/Dec.18, para. (i)). Such briefings have taken place on a regular basis and progress reports were submitted to the eighth session of the PBC (PBC.8/15 and PBC.8/CRP.2) and the ninth and tenth sessions of the Board (IDB.9/12 and IDB.10/30).

The Committee will have before it:

- Computerization programme of UNIDO. Report by the Director-General (PBC.9/6)

Item 13. Date of the tenth session of the Committee

The following dates have been tentatively reserved for the policy-making organs of UNIDO in 1994:

9-13 May 1994	IDB - twelfth session
20-24 June 1994	PBC - tenth session
7-11 November 1994	IDB - thirteenth session

Item 14. Adoption of the report of the ninth session

Item 15. Closure of the ninth session